

BOARD OF SUPERVISORS

GILA COUNTY, ARIZONA

Date: January 25, 2005

JOSÉ M. SANCHEZ

Chairman

JOHN F. NELSON

Clerk of the Board

TOMMIE C. MARTIN

Vice-Chairman

By: Marilyn Brewer

Deputy Clerk

SHIRLEY L. DAWSON

Member

Gila County Courthouse
Globe, Arizona

PRESENT: José M. Sanchez, Chairman; Tommie C. Martin, Vice-Chairman; Shirley L. Dawson, Member; John F. Nelson, County Manager/Clerk; Marian Sheppard, Chief Deputy Clerk; and, Bryan Chambers, 2nd Chief Deputy County Attorney.

The Gila County Board of Supervisors met in Work Session at 10:00 a.m. this date. Bryan Chambers led the Pledge of Allegiance, and Jeff Dalton, Bishop of Globe 1st Ward of the Church of Jesus Christ of Latter Day Saints, delivered the Invocation.

In addressing agenda item number 2, John Nelson advised that the following two requests were made by the Board: 1) a review of all personnel policies and procedures pertaining to requests for permission to post for vacant positions, and 2) an update on the current status of the classified compensation pay plan. He stated that Gila County is a service organization and seventy-five to eighty percent of the County's costs are people-related. Mr. Nelson advised that the Board is conducting an assessment of current personnel procedures as one of the first steps in deciding the future direction of the County. He presented an outline of the current County approval process for new positions and explained that 75% of County costs are people costs (the number of people times their salary) and those costs are the basis for the

property tax rate. All new positions are presented to the Board for approval in one of two ways: 1) through the annual County budget process, or 2) during the year. Those positions created during the year are typically grant-funded positions which are created when new programs are implemented. The current policies and procedures the County follows prior to hiring any new employee, which excludes the Court System and elected officials, are that vacant positions come to the Board on the Personnel Agenda with a request for 'Permission to Post.' If the Board approves the position, the recruiting, interviewing and selection process commences. The final selection is then presented to the Board for approval on the Personnel Agenda. Board members also receive supplemental information from the Personnel Department stating whether the position is a new position or if it is a replacement for a vacant position. The hiring process is different for the Court System and elected officials. If a new position is being created, Board approval is required in order to post the position. Vacant budgeted positions go directly to the Personnel Department for posting. Mr. Nelson stated that if the Board wanted to discuss the policy for the Court System and elected officials, he would defer to the County Attorney. He stated that there are various legal opinions that once the Board has authorized a budgeted position for an elected official or the Court System, it's then under the auspice of that elected official and not the Board. There is also case law stating that if there is an administrative procedure that is reasonable and rational set up by the Board of Supervisors to control positions and hiring, then all elected officials and the Court System are also required to follow that system, but it cannot be arbitrary. Supervisor Dawson asked the following question: *"When discussing elected officials and their authority over their personnel, then it comes to mind the question of adjustments that are made and requests by those elected officials to make adjustments to employees' positions and classifications, and you say we have no authority, but in fact we are exerting authority through the Personnel office if we reject or selectively make those adjustments. Is that correct?"* Mr. Nelson replied that

Supervisor Dawson was correct; however, he stated what he was referring to was the authorization of the position and the budget. He stated that the Personnel Department becomes involved in the process when there is a recommendation for a change of pay that is not within the budget system. In this instance, the Personnel Department reviews the recommendation. Supervisor Dawson advised that Susan Mitchell, Personnel Director, has received many requests from elected officials to reclassify employee positions within their respective departments which have not yet been presented to the Board; however, the Board has approved the reclassification of certain positions which report directly to the Board. Mr. Nelson explained that the County has been reclassifying some employee positions that work directly for the Board, as well as reclassifying some of those positions that work directly for elected officials. He stated: *"What we've been trying to do as that department is able to handle that change within their budgeted personnel salary line item, is to process those. However, if it's a likelihood that there's going to be an increase in funds or increase in future funding needs, those have been held."* Supervisor Dawson stated: *"I feel there is a problem when the Board can make adjustments in the classification of some employees, but when an elected official, with their budget, feels that their people should be reclassified, we hold it for months. I don't mind if the request is made by an elected official for a position to be reclassified and the decision with justification is given that this is not possible and here's why. That's fine. Then let's not have elected officials unhappy because we are just not taking action."* Vice-Chairman Martin stated that it appears that problems arise when elected officials are requesting the reclassification of certain positions and at the same time are requesting a budget increase to cover those salary increases. Mr. Nelson replied that two situations arise, as follows: 1) the elected official's department is not able to handle its budget for the current year, and 2) what will happen to the budget in the future years. He stated: *"If we have someone coming to us, whether it's one of our departments or an elected official, to say I have a position that is now currently vacant, and I*

want to downgrade that position and increase another position, that seems to be a decision of that elected official. If it's a request that I need these increases, it will obviously have, I believe, an impact on future funding and decisions this Board will have to make. I agree with Supervisor Dawson in that handling situations differently certainly causes problems, but this has been an unusual situation with changeover in where the County is going, and it was my decision that if this is going to go as smoothly as possible, then we had to make some changes in the short-term atmosphere to make this changeover. It's not to cause problems, although I'm sure it has, but hopefully there is an understanding that this is not something we're planning to continue forever, but this is the first time Gila County has been through this in a long time, and at some point there are snags you hit."

Chairman Sanchez stated any action taken by the Board is supported by a County policy or procedure or a State or Federal statute; however, there have been situations that have "fallen through the cracks." He stated that to his knowledge, job reclassifications are outlined in the County's written personnel policies and procedures. Mr. Nelson replied, "What you need to do to reclassify an employee is addressed in the (personnel) policy procedure, but how that procedure works its way through the system is not outlined in the policy." Vice-Chairman Martin questioned why reclassifications are being requested. She asked: "Why suddenly has the value of that job changed? Each position has a value. The value of that person in that position may change, but at some point that has to change because the employee moved into a different position. I am opposed or would rather know the value of those positions and have that be maintained rather than trying to give individuals an increase by reclassifying the position. I do not want to be caught in a position of constantly reclassifying to catch up what is a human's value increasing, if in fact the position isn't increasing in value to us." Mr. Nelson then outlined the current County classified compensation pay plan with comments, as follows:

- The current County classified compensation pay plan is based on the Hay Classification System which was set up in 1993-94.

- A recent consensus of Arizona county managers is that the Hay Classification System has “probably run its useful life”.
- The Hay Classification System establishes salary ranges and positions according to job descriptions.
- Job descriptions with similar duties and responsibilities are placed within the same range.
- There is a 41% variance between the minimum and maximum salaries within a specific range.
- Salary increases are given for:
 - 1) A Cost-Of-Living Adjustment (COLA) which moves the entire salary range upward. The Board budgeted a 2.5% COLA for the 2004-05 fiscal year.
 - 2) A step increase which is based on the fact that as an employee gains experience and knowledge they become more valuable to the organization and, as a result their salary increases. The Board budgeted a 2.5% step increase on every employee’s anniversary date for the 2004-05 fiscal year.
 - 3) A merit increase which is given for exemplary employee performance. Merit increases are considered on an individual basis.
 - 4) A job reclassification which is given when an employee assumes additional job duties and responsibilities at which time that position is reclassified into a higher pay range with a possible change of job titles.
 - 5) A market adjustment which is based on comparing similar jobs in the same industry.

Mr. Nelson asked the Board to consider researching other available employee classified compensation pay plans. His primary concern is that the justification for reclassifying positions is too broad. He recommended that before this Board considers reclassifications, there should be some type of a business reason for having that reclassification. He cited the following example of reclassifications that have happened in the past: *“We hire a new employee and that employee is very good, and they start transferring duties from other*

places in that office, then that employee needs to be reclassified and be paid appropriately.” Mr. Nelson advised that not only do internal factors affect reclassifications, but also external factors, for example, the recent passage of Proposition 200. He advised that Proposition 200 will not affect Gila County as a whole, but it could impact certain programs within Gila County, which would be a sound reason for reclassifying certain positions. He also cited an example of HAVA (Help America Vote Act), which could also have a significant impact on the Recorder’s Office whereby changes may be needed to comply with those rules. Mr. Nelson concluded by stating that the start for that type of system of changing people should begin with the reason for making the change.

Supervisor Dawson stated: *“When discussing market adjustments, one of the things I feel has not taken place is recognizing that southern Gila County has been in an economic decline, and it does affect northern Gila County with the assessment value of the County. Historically, as local businesses have had to make adjustments downward to stay in business, and with the County being one of the largest businesses in Gila County, the County has not made any economic adjustments, but continued to offer raises and adjustments to positions. As the Board looks at classifications of personnel and salaries, the Board needs to look at counties with similar economic structures and with income projections of our County in looking at salaries. The County can’t just continue the automatic 2.5% raises if, in fact, the County income is not showing an increase.”* Chairman Sanchez stated that his opinion is different from that of Supervisor Dawson’s opinion because previous Boards have made significant adjustments due to budget crunches. He cited the example of when the Board consolidated the Public Works Division from three roads departments into one roads department, eliminating fifteen positions, which to him was a wise business decision. He stated there was also a period when the State was in a budget crisis and during that time County employees went a year without any salary increases. In addition, employees were required to begin contributing a percentage of their monthly income toward employee health benefit premiums.

Chairman Sanchez also advised that the previous Board successfully reduced the number of leased facilities in order to save money. He stated that during tough economic times the Board, other elected officials, department heads, and employees have joined efforts in cutting costs. Supervisor Dawson stated that she was not trying to be critical, however, she advised that she will carefully scrutinize future requests for additional positions and salary increases. She invited anyone to present suggestions to streamline County government. Chairman Sanchez recommended having a long-range planning meeting between the Board, other elected officials and department heads to determine future personnel and budgetary needs. Mr. Nelson stated that a meeting of that nature will be scheduled. Mr. Nelson reiterated the reason he is presenting this information to the Board is to explain current County policies and to obtain policy direction from this Board. He stated, *"If the Board doesn't like a policy, we can take the Board's policy direction, look at the policy, and bring it back to the Board with a change in the policy and direction, or recommendations can be made as well as providing some direction."* Mr. Nelson stated that until the Board changes personnel policies or procedures, new positions established by elected officials or the Court System will continue to be handled by the elected official and/or Court System without oversight of the Board. For departments that report to the Board, approval to post the position must be obtained from the Board. Vice-Chairman Martin questioned how Gila County's process compares to other counties. Mr. Nelson stated that there are two comparisons which can be made: 1) the number of positions in the County in comparison to a county of similar size, and in this comparison Gila County is high; however, Gila County is the only County that is running two County complexes; and 2) salaries in Gila County in comparison with other Counties is nine percent lower based on a salary study recently conducted by the Arizona Association of Counties (AACo). Vice-Chairman Martin stated that the reason the number of positions is high is because the County has chosen to duplicate services in Payson, Arizona. Mr. Nelson agreed with Vice-Chairman Martin.

Vice-Chairman Martin referred to the classified compensation pay plan and stated that she doesn't want the County to completely re-do this system. She questioned the number of Arizona counties that have implemented the Hay Classification System. Mr. Nelson replied that when the Hay Classification System was established, nine counties including Gila County implemented the System at the same time. Vice-Chairman Martin inquired whether the System can be updated or if it is necessary to seek out a completely different classified compensation pay plan. Mr. Nelson stated that the County will explore all options. Mr. Nelson advised that ACCo conducts its salary survey of all Arizona counties on an annual basis and he expects to receive the results of the most recent study in the near future. He cited examples for the differences in duties of a deputy sheriff or an accounting clerk in Gila County versus other Arizona counties and advised that these differences make it even more difficult to establish pay ranges and salaries. Mr. Nelson advised that other County managers are also interested in exploring alternative compensation pay plans so he will contact the managers to schedule an information sharing meeting. Vice-Chairman Martin stated that once the Board has set the budget and elected officials have given the Board their needs and the Board has agreed, she is more prone to letting those officials fill their own positions, as they were elected to do that and it is their responsibility to the taxpayer. She stated the budgeting process is a critical component in order for the Board to oversee the business of the County. She advised that once a particular elected official's annual budget has been approved by the Board, the responsibility of staying within that budgeted amount goes to the elected official. If a new position is needed in a department of an elected official that was not budgeted for the current fiscal year, that elected official must come before the Board to justify the reason a particular unbudgeted position is needed and it is the Board's ultimate decision. This process also applies to department heads. Vice-Chairman Martin stated that she will diligently scrutinize all future reclassification requests and will only consider approval if there is a sound

business reason, especially if it affects the current fiscal year budget. She also questioned the funding source for some of the newly created positions; whether positions are paid out of grant funds and whether the positions exist strictly for the length of the grant. Vice-Chairman Martin commented that to her knowledge the County has continued to fund these positions when grants have expired and not been re-awarded. Mr. Nelson stated that he will ask the Personnel Director to draft some policies regarding reclassifications, which will later be presented to the Board for review and approval. He recommended that any changes to the process not apply retroactively. He reiterated Vice-Chairman Martin's concern about adding grant-funded positions and the County having to continue funding those positions when the grant program expires. He also advised of other costs associated with grants such as leased space for offices, the additional workload on the County Attorney to review contracts and other contracts resulting from grants, personnel and finance processing, etc. Mr. Nelson stated, *"As the saying goes 'live by the grant, die by the grant' usually doesn't work. Once a grant comes in, the Boards' constituents get used to that service, and when that grant goes away, telling the Board's constituents that they're no longer receiving that service usually doesn't work."* Vice-Chairman Martin agreed with Chairman Sanchez's recommendation to conduct a long-range planning session in the near future. Vice-Chairman Martin stated: *"In the next few years, as a County, the Board has some really big decisions to make because the County is growing like crazy, and we're having services like emergency services and bioterrorism to add to the workload. The County is on the crest of either getting it right or not and I don't feel we can do that with a lowball approach. I'm glad that our employees are well paid and that we are right there in the market, but the question is not as much are we getting value for that, as it is how much are we paying for that. I personally think there are things that we have got to do that are going to take the kind of people that require those kinds of salaries to do what we need to do in this County. I look at the resource base that we've got here, and instead of cutting back to match where*

we are right now, I'd rather see us going out there and making these resources pay, whether that is in the ice facility, or the timber industry regenerated, or the support of the copper industry, or whatever that is, instead of scaling back and saying well we're only making this much now, let's live within that. It is saying 'let's see if we can't turn this freight train around and actually get the value out of the resources we've got in this County.' And I don't think we can do that with what I think is the lowball approach. It is going to take really quality people being paid well to turn that around. The ones that aren't moving off the dime haven't taken on the vision of what they could be, and I would like to see us, long term, take that on. We are drowning and dying in a sea of resources. Let's re-craft that argument; let's bring that value back in here. If Pine could burn and we lost that assessed evaluation, it's because we've let these resources get to the point where they are so flammable. It is not just losing Pine, we're willing to give up 500,000 acres of high-dollar resources and we're not willing to turn those into high-dollar resources. So as a philosophical standpoint, that's where I'm coming from."

Supervisor Dawson stated that this County has a "highball" tax rate, and that's why several people have visited with her and know that she is carefully trying to find out why the tax rate is so high and what can be done to make adjustments. She stated, *"Can we be frugal and at the same time expand and look at what we can best do to bring Gila County out of a slump and bring it forward in tax dollars that will relieve the homeowners of this County and make the County attractive to industry and businesses."* Vice-Chairman Martin stated that she believes explanations have not been given to the homeowner regarding the amounts attributed to special taxing districts, such as water districts, wastewater district, fire districts, etc. She stated: *"If we cut half of the employees at the County, it wouldn't make that much difference in the tax bill. We need to sell the County back to the County. We need to let our people know what we do for how little we actually do it."* Chairman Sanchez advised that throughout the years the County has provided many special presentations at open public meetings in an effort to educate the citizens on the County's taxing

structure. Mr. Nelson stated that he understands the hiring procedure will remain as it is right now, but he advised that if a new position is requested, it will go on a formal agenda and the Board will be notified well in advance of that request. In reference to reclassifications, he stated that he will start working on a reclassification policy that will incorporate some of the issues discussed today. Mr. Nelson stated that he will begin dialogue with other county managers to establish a consortium in an effort establish an equitable employee pay system for similar jobs in County government. He also advised that an outside consultant will not be needed in this endeavor.

In reference to Agenda Item Number 3, Chairman Sanchez called on Supervisor Dawson to discuss a water conservation program for County facilities. Supervisor Dawson that stated Mr. Hickman, County Facilities Manager, has provided the Board with a very detailed report on the water used at every County facility. She stated a few years ago the City of Globe and San Carlos were in the thralls of attorneys and trying to work out a water agreement, and as part of that agreement, the City of Globe promised to have a water conservation program. She stated she believes that it needs to be a unified and formalized water conservation program. Supervisor Dawson contacted Chris Jones, Gila County Cooperative Extension Agent from the University of Arizona, and requested that he take a leadership role in this program. At this time Supervisor Dawson called on Mr. Jones. Mr. Jones stated that he met with Supervisor Dawson to discuss setting up a water conservation program for southern Gila County. He recommended initiating this effort by holding a public meeting at the County facility with some speakers from Payson to discuss Payson's Water Conservation Program, and then inviting interested citizens to serve on a committee. The committee would be responsible for formulating a plan to provide education and awareness on water issues. He suggested inviting the following people to serve on the committee: Paul Wolterbeek from the Boyce Thompson Arboretum; Manoj Vyas, City of Globe Manager; Robert Mawson, Town of Miami Manager, and

Bob Hickman. Mr. Jones offered to serve as the committee chairman; however, he would like some assistance from County staff to advertise this proposed program. Mr. Jones stated that he this could be a good program once bylaws and a charter have been established by the committee. Vice-Chairman Martin supports this idea; however, she expressed a concern that water be viewed as a resource rather than a commodity. Vice-Chairman Martin also stated that she doesn't want to see this County conserving water, and then have it run down the creek where it will not be conserved in Phoenix. She stated: *"I believe this is a cultural problem and I know we have to start somewhere, but a negative way to approach this is conserve, conserve, conserve, because we are upstream from people that don't conserve. We need to look that in the face as to 'why we are conserving.' What is our goal here? Is it just to get the word out or is it just to get some action on our part? The big question is, 'what is the goal?'"* She stated that the program to be implemented should apply Countywide. Vice-Chairman Martin advised that when this committee is formed, the committee members must focus on a broad scale to include all areas of Gila County affected by water issues and to also gather information from other Arizona counties' water conservation programs. She recommended using the County's website as much as possible to promote this effort. She expressed her gratitude to Mr. Jones for his offer to chair this committee. Mr. Nelson stated that the timing of this issue is perfect as this was one of the key points mentioned in the Governor's State of the State message. He advised that it is critical for the County to involve the Governor's Office in this endeavor to find out if the State can provide some assistance. Chairman Sanchez clarified that the agenda item should have stated that this item applies to all of Gila County, not just County facilities. Mr. Nelson stated that it was his error in phrasing the agenda item. Chairman Sanchez also briefly discussed the Water Usage Chart presented to the Board by Mr. Hickman. Supervisor Dawson requested that San Carlos be involved on this effort due to problems occurring at San Carlos Lake as well as the type of water being used at the casino golf course, which is owned by the

San Carlos Apache Tribe. She also recommended involving Phelps Dodge Miami Mining, Inc., another major water user. Chairman Sanchez stated that when he was Mayor of the Town of Miami, water was viewed as both a resource and a commodity. The water company charged the Town for water usage and attempted to charge the Town again for Town water that was reclaimed, reprocessed and reused. This issue was presented to the Arizona Corporation Commission for a decision and the Commission decided that the Town should not be charged twice for using its' reprocessed water. Chairman Sanchez also stated that recent rains have washed away valuable pieces of private real estate and parts of the forest land alongside creeks, which he feels is all a part of water conservation. Chairman Sanchez reiterated Mr. Nelson's recommendation to contact and involve the Governor's Office in this endeavor. Each Board member thanked Mr. Jones for his efforts on forming a committee to form a committee that will study and ultimately implement a water conservation program for Gila County.

At this time each Board member presented a brief summary of current events as allowed by A.R.S. §38-431.02(K). No action was taken on any items that were presented.

There being no further business to come before the Board of Supervisors, Chairman Sanchez adjourned the meeting at 11:40 a.m.

José M. Sanchez, Chairman

ATTEST:

John F. Nelson, County Manager/Clerk